

5 August 2016

COST OF INDUSTRIAL ACTION LIKELY TO BE IN MILLIONS

Current industrial action is likely to cost the NSW economy millions the Australian Rail Track Corporation (ARTC) has advised today.

ARTC has estimated the economic cost of a 24 hour stoppage to be around \$10m– with the total cost to the NSW economy likely to be much greater as industrial action continues.

“This is in addition to the real, visible harm that is being caused to local communities, families, businesses and freight providers that rely on rail. The elderly who can’t make doctor visits, the commuters late for work, the families with weekend plans ruined,” ARTC CEO John Fullerton said.

“Not to mention the irreparable harm this action has caused to the freight rail industry – a cost that we will have to count in the weeks, months and years ahead; at a time the whole industry is hurting and jobs are being lost in a competitive freight environment.”

“Our major customers have had to lay off thousands of staff because of the difficult economic conditions they have faced in recent years,” said Mr Fullerton.

“There are four major industry sectors as well as passenger rail operators that rely on ARTC’s network. They are all counting the cost of this action – from lost export tonnages, delayed or cancelled freight, to extra fuel, crewing and alternative transport costs.

“These very sectors – domestic manufacturers, the steel industry, coal and minerals exporters as well as domestic importers – are among the industries that have been facing the toughest of economic conditions in recent times.”

More than a million tonnes of freight – including freight that ends up on supermarket shelves – and up to 10,000 passenger customers will be impacted by this action should it conclude on Sunday – but the likelihood at this stage is further industrial action may occur.

“The sad thing is, we all want the same outcome – a vibrant, commercially strong, modern rail freight industry, but the action the Unions are taking is effectively cutting off the nose to spite the face,” Mr Fullerton said.

“There is a fair offer on the table but what is not fair is that thousands of rail passengers and millions of tonnes of freight is being disrupted.”

“Every disruption results in a direct and indirect cost to the community and businesses – in loss of time, money and productivity. This action is hurting our industry – but the real loser is the NSW consumer,” Mr Fullerton said.

“I am calling on the Unions to recognise the impact this action is having on the NSW community and economy and call a stop to the action now.”

ENDS

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Background and further details overleaf, including response to union claims and outline of factors contributing to economic cost

BACKGROUND

Factors contributing to cost to NSW economy as a result of Union industrial action

- Lost tonnages and throughput of the Hunter Valley coal chain
- Cancelled grain and some regional rail freight services
- Additional costs to rail operators for lost productivity of train crews
- Additional costs related to transferring freight from rail to road – additional crewing, driver and loading costs
- The cost of congestion on the road due to more private vehicles and trucks on the road
- The cost of additional stock handling and stock holding /storage, product devaluation, rescheduling costs
- Stowage and demurrage costs of storing trains and additional costs for demurrage for delays to ship movements
- Cost of delays to rail freight traffic
- Cost of replacing passenger trains with buses and additional driver time
- Extended travel time for rail passengers transferred to bus
- Lost passenger rail revenue of passengers transferring to private vehicles

The most significant of the impacts are to the Hunter Valley which represents half of the total economic impact of the industrial action.

SUMMARY OF ARTC RESPONSE TO UNION CLAIMS ON PUBLIC RECORD

Union Claims on public record	Source	ARTC comment
ARTC refuses to put forward any reasonable offer to employees	http://www.theherald.com.au/story/4076271/mayhem-as-union-steps-up-rail-strike/?cs=305 RTBU statement – 5 August	<p>The RTBU is seeking a 4 per cent pay increase which is equivalent to \$17m of additional cost to ARTC and is just not sustainable in the current economic environment. As ARTC has its pricing and costs regulated these additional costs are directly passed onto freight haulers and coal producers – costs which ultimately the NSW economy bears.</p> <p>A 2 per cent pay increase each year over three years is a fair and reasonable offer in the current environment, it is in line with APSC Workplace Bargaining Policy requirements.</p>
ARTC refusal to negotiate and that is why protected action taking place	RTBU statement – 5 August	The RTBU notified of intent to undertake protected industrial action while bargaining was underway and before any offer was put to the combined unions or staff.
The Union is concerned about privatisation.	ABC Newcastle – Breakfast – 3 August http://www.theherald.com.au/story/4076271/mayhem-as-union-steps-up-rail-strike/?cs=305 RTBU statement – 3 August	The Australian Government advised as part of the 2016 Budget that in light of the Inland Rail project, <i>“the government will retain the ARTC in Australian government ownership”</i> .

<p>ARTC is “hiding behind Government wage policies.” - Hunter Workers union twitter</p> <p>“They’ve been hiding behind the federal government’s Workplace Bargaining Policy to demonstrate why they can’t give workers a better offer, but this is a document that ARTC is not even bound by.”</p>	<p>https://www.railexpress.com.au/artc-network-in-disarray-as-workers-strike/</p>  <p>ARTC hiding behind government wage policies. #transport #engineroom #patience #18mths @RTBUion @asu_nsw_act @NSW_ETU</p> <p>Buses replace Hunter trains in rail strike Employees of Australian Rail Track Corporation are taking industrial action on Thursday, Friday and Saturday. railexpress.com.au</p>	<p>ARTC is a Government Business Enterprise. GBE’s are clearly bound to comply by the APSC Workplace Bargaining Policy and this Policy is public on the APSC website:</p> <p>http://www.apsc.gov.au/priorities/workplace-relations/australian-government-public-sector-workplace-bargaining-policy</p> <p>From the Workplace Bargaining Policy 2015 (p1):</p> <ol style="list-style-type: none"> 1. <i>This policy provides a framework for agencies to implement terms and conditions of employment that are affordable and support modern and agile public sector workplaces.</i> 2. The policy applies to Australian Public Service (APS), non-APS Australian Government entities, including Members of Parliament Staff and Government Business Enterprises. It supersedes the Australian Government Public Sector Workplace Bargaining Policy 2014.
<p>Concerns regarding offshoring roles</p>	<p>RTBU statement – 3 August</p>	<p>There has also never been any discussion or plans to outsource or ‘offshore’ roles</p>
<p>A reduced offer: ARTC has offered a deal that is worse than the last agreement</p>	<p>RTBU statement – 5 August</p> <p>https://www.railexpress.com.au/artc-network-in-disarray-as-workers-strike/</p>	<p>This is incorrect.</p> <p>ARTC has negotiated in good faith throughout the bargaining period.</p> <p>A 1.5% per cent agreement was put forward in early 2015.</p> <p>The offer made in December was able to be increased under the APSC Policy to a 2 per cent pay raise per year over 3 years and included amendments to allow for improved allowances and arrangements for some staff under the agreement.</p> <p>The offer sent to staff on 2 August proposes the same wage increase and no loss of conditions.</p>
<p>Workers denied breaks</p>	<p>“Workers are denied any breaks during an 8 hour shift,”</p> <p>https://www.railexpress.com.au/artc-network-in-disarray-as-workers-strike/</p>	<p>The Network Control environment is a busy ‘live-run’ operational environment and we agree it is a difficult and at times stressful job. Given the nature of the role it can mean extended periods at your station – but there are opportunities to take breaks, there are amenities for staff to use and the roles are</p>

		<p>rewarding. This is not unusual for any operational workplace environment of a similar nature.</p> <p>Many staff have also indicated a preference to be able to conduct straight 8 shift periods so they do not lose time or pay associated with meal breaks.</p> <p>The network control roles also have additional leave periods that other roles in ARTC do not, acknowledging the 24-7 nature of train operations.</p> <p>Notwithstanding the above we recognise there are broader concerns around this and ARTC have implemented worker committees to address these types of concerns with management direct and to help improve the overall workplace environment for network control centres.</p>
<p>Worker conditions</p> <p>“The workers simply can’t sit back and let the company refuse to make simple common sense changes that would improve working conditions.”</p> <p>“many of the claims put forward by the union will come at “no cost to the company,” including fairer rostering principles, improved consultation with workers, and better dispute resolution.”</p>	<p>RTBU statements – 3 and 5 August</p>	<p>Many of the requests made are directly relevant to specific HR policies and are not requests that should typically be included in a modern and flexible workplace agreement. ARTC will continue to work directly with staff day to day on listening and responding to improvements in the way our people work.</p> <p>Additional claims around rostering and other conditions requested have been estimated to come at a cost to the ARTC business of around \$12 million. (additional to the pay increase request of 4% per annum)</p>

SERVICE UPDATE – 5 August

- Passenger trains on ARTC network are at a stop and being replaced by buses
- Coal trains are at a stop
- All grain train services are cancelled in NSW
- All regional trains cancelled in NSW
- Some Perth – Sydney services have been able to depart around the industrial action
- Some local metropolitan freight services in Sydney are able to run with the reduced operational staff available in network control centres

ARTC expects further disruption to train services – including passenger services – on Monday 8 August due to two 1 hour work stoppages that have been notified.